THE IMPORTANCE OF THE OCS TO AMERICA'S FUTURE ENERGY SECURITY

America s Oil and Natural Gas Companies

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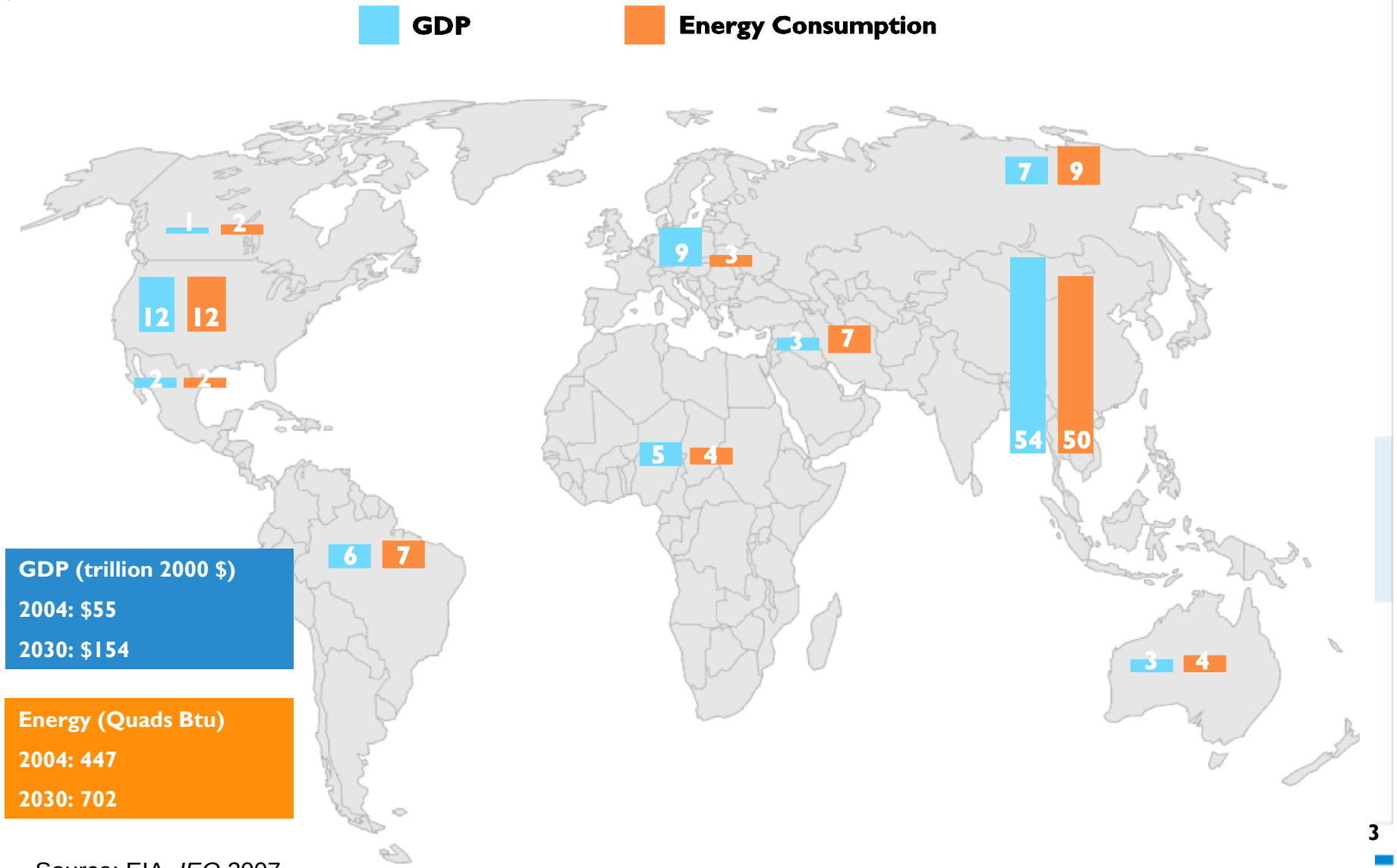
Our Priorities

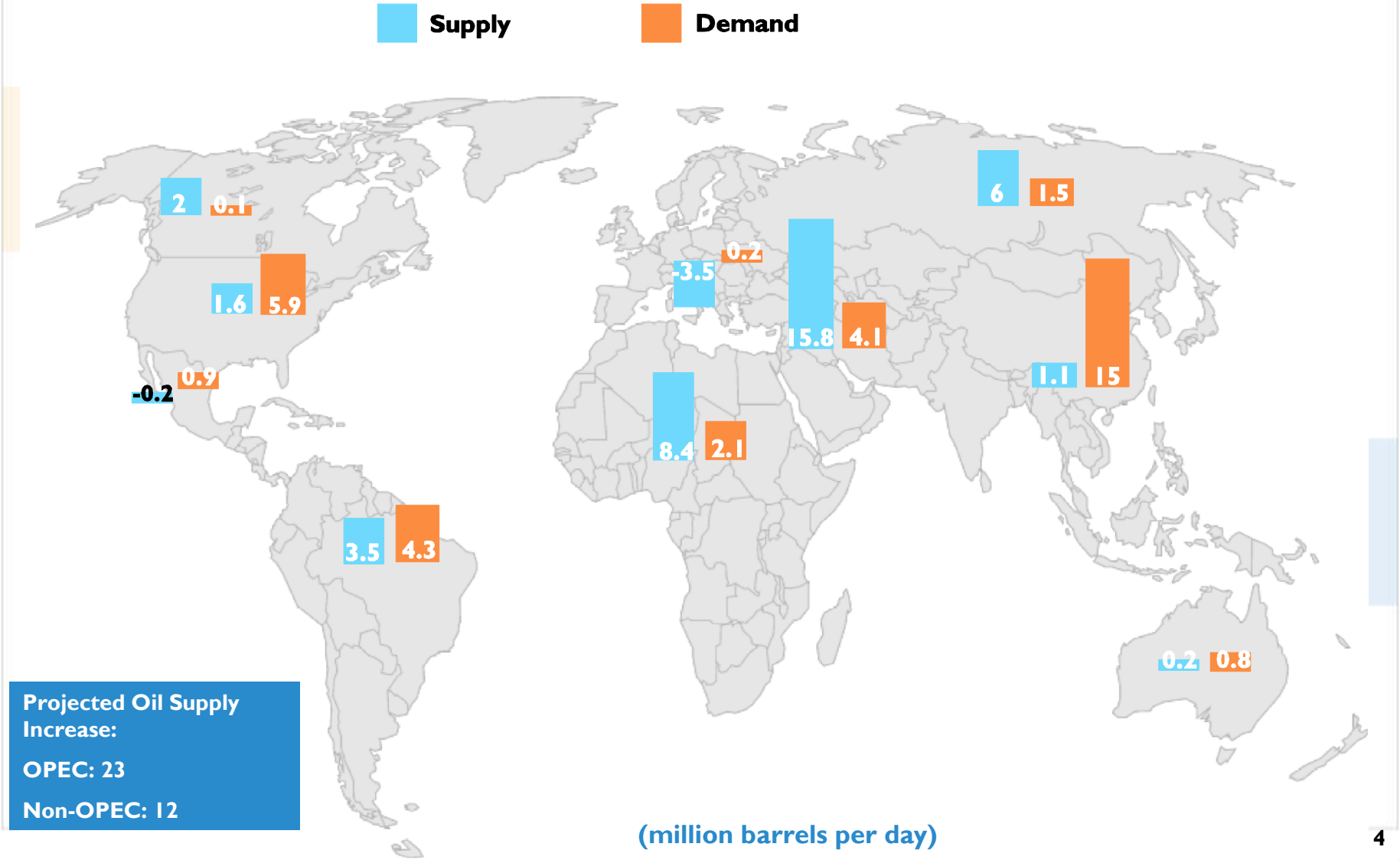
- Efficiency – improve our own and encourage efficiency in other industries and among consumers.
- Technology – increase investments in and use of advanced energy technologies to develop *all* sources of energy cleanly and responsibly.
- Diversity – increase access to oil and natural gas supplies both here at home and around the world.

Global Economic and Energy Consumption Growth
(regional shares of world's incremental growth between 2004-2030)



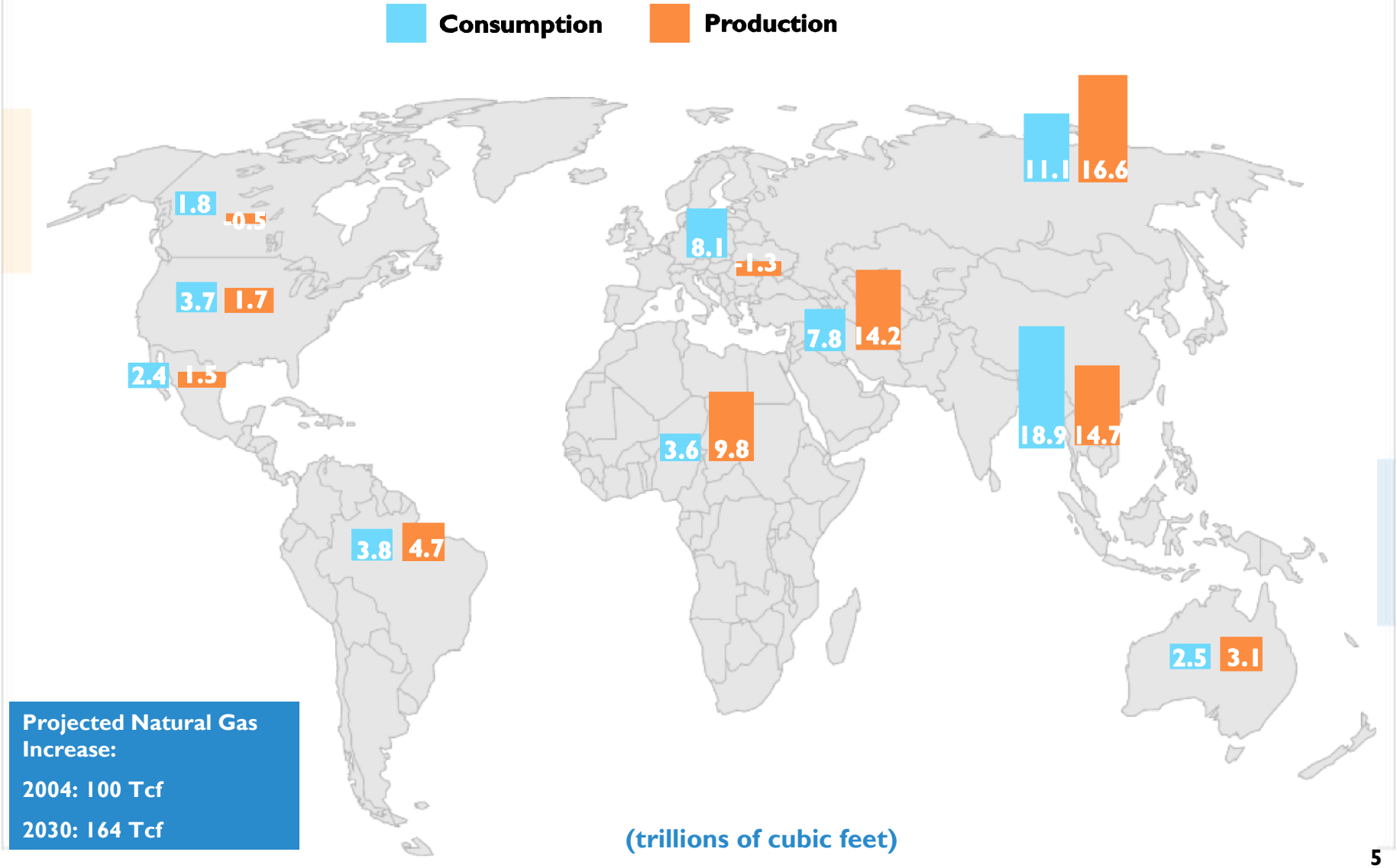
Source: EIA, *IEO* 2007

Global Oil Trade Challenges
(growth in supply and demand between 2004-2030)



Source: EIA, *IEO* 2007

Global Natural Gas Trade Challenges
(growth in supply and demand between 2004-2030)



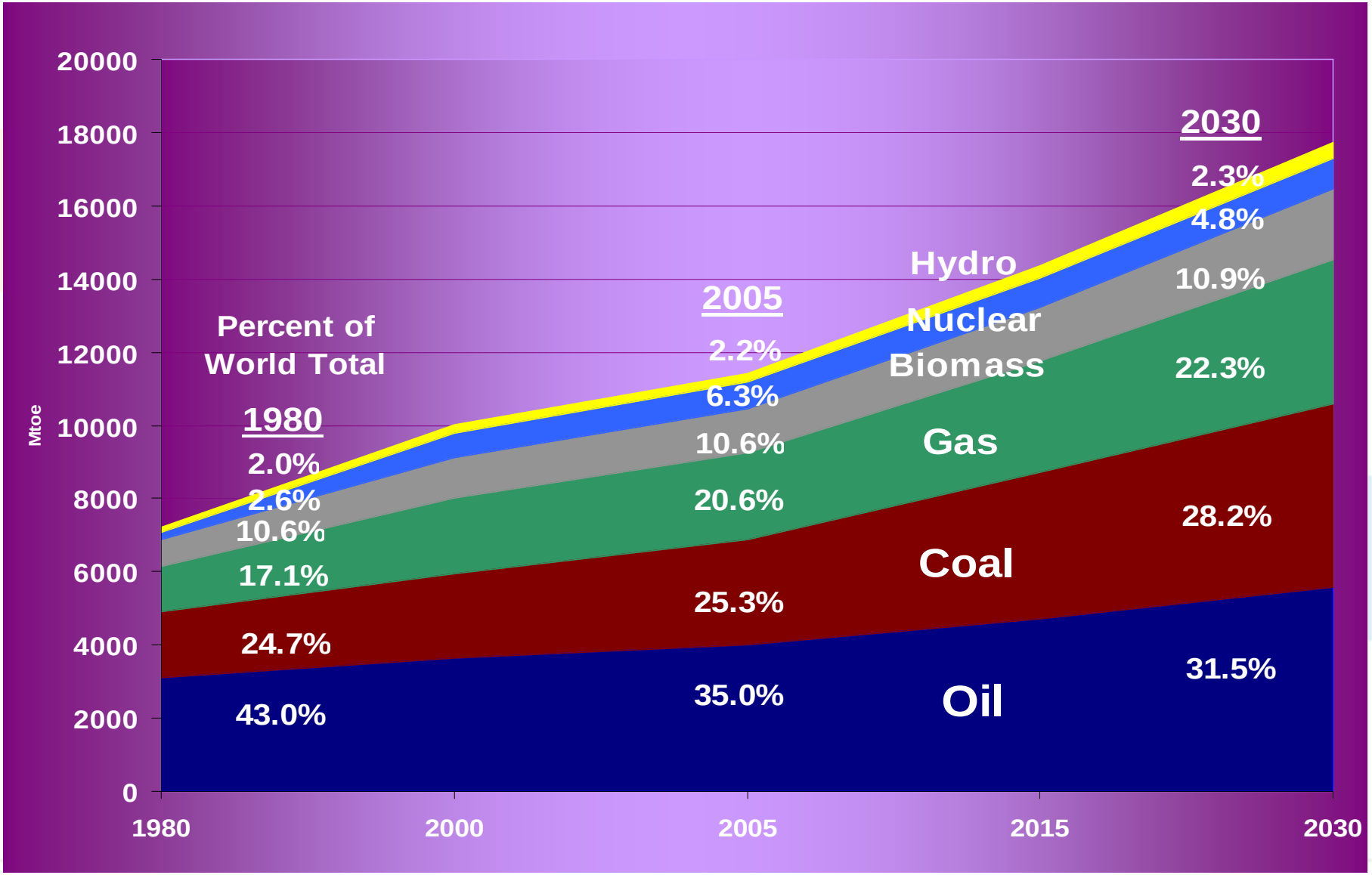
Projected Natural Gas Increase:

2004: 100 Tcf

2030: 164 Tcf

Source: EIA, *IEO* 2007

Future Global Energy Demand

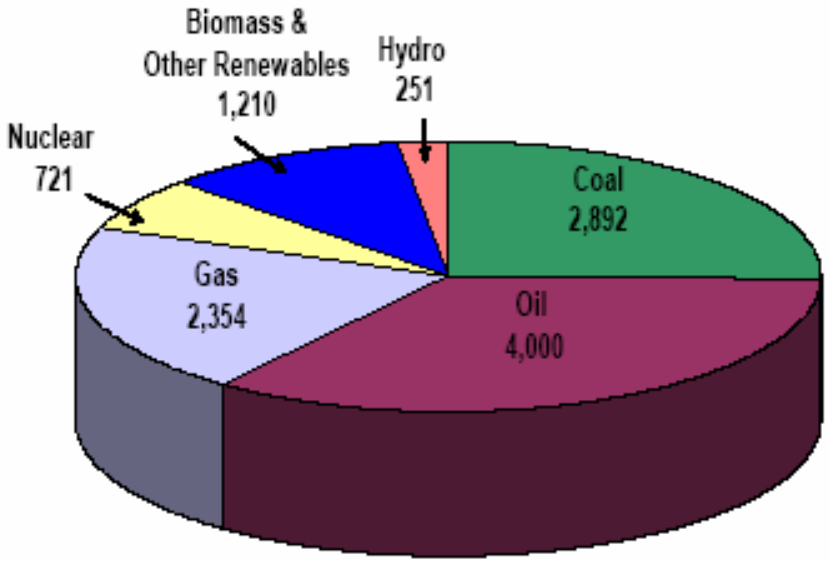


Source: World Energy Outlook 2007

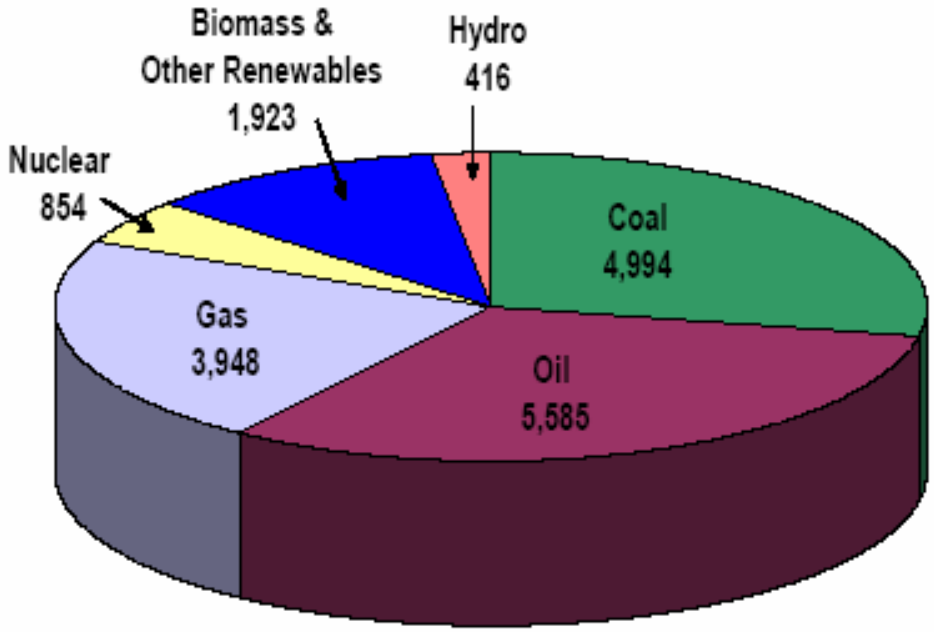
Forecast of World Energy Growth

55.1% Growth

2005 Actual (11,429 Mtoe)



2030 Outlook (17,721 Mtoe)



Source: IEA, World Energy Outlook 2008

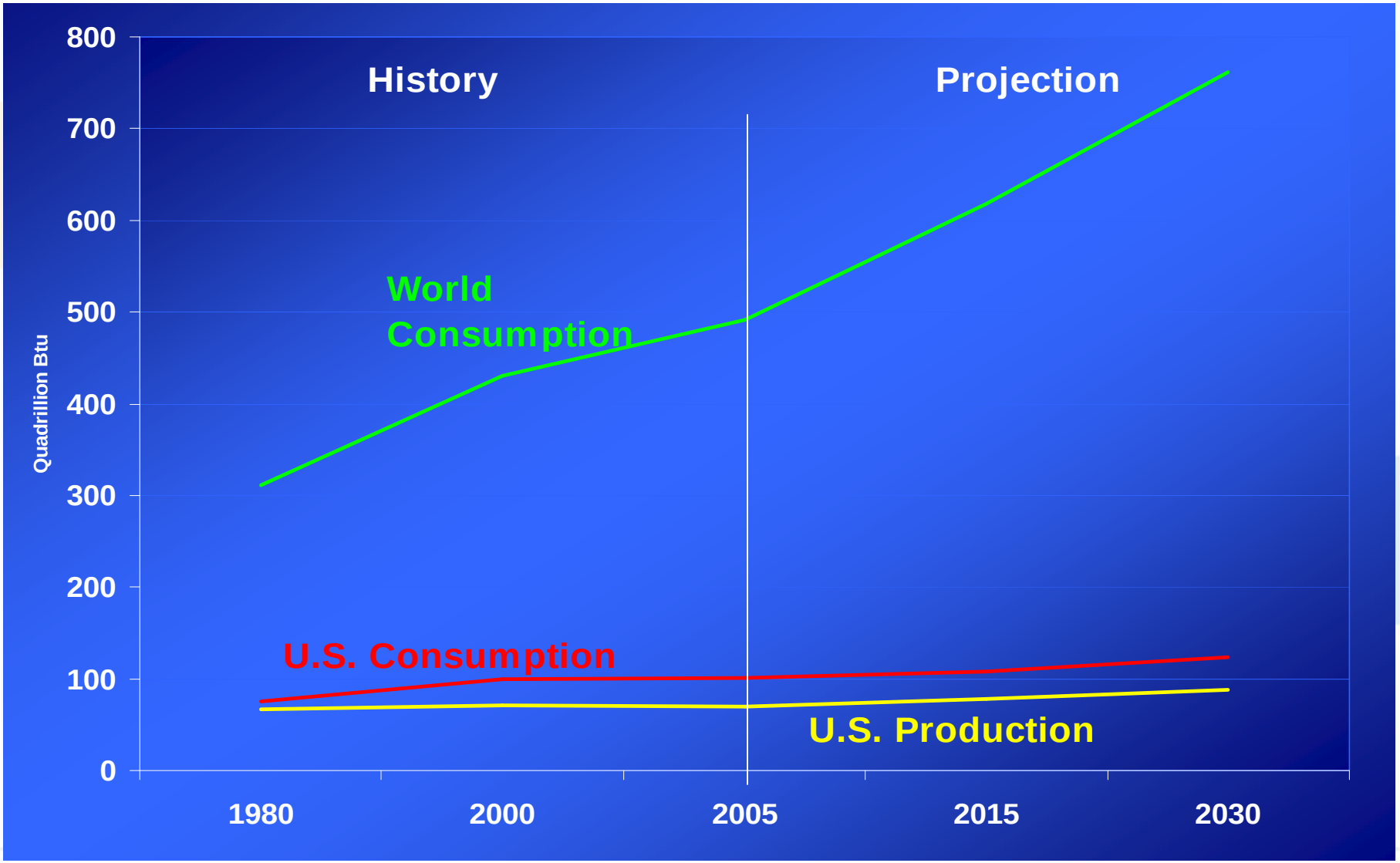
The Public's Knowledge of Energy Growth

Q4 According to 2006 projections, what percentage of global energy demand in 2030 will be met by fossil fuels, such as oil, natural gas and coal?

Source: IEA, "World Energy Outlook 2006," p. 66, Table 2:1.

Total N=1333	Answer
16%	21%
15%	41%
20%	61%
14%	81%
35%	Not sure

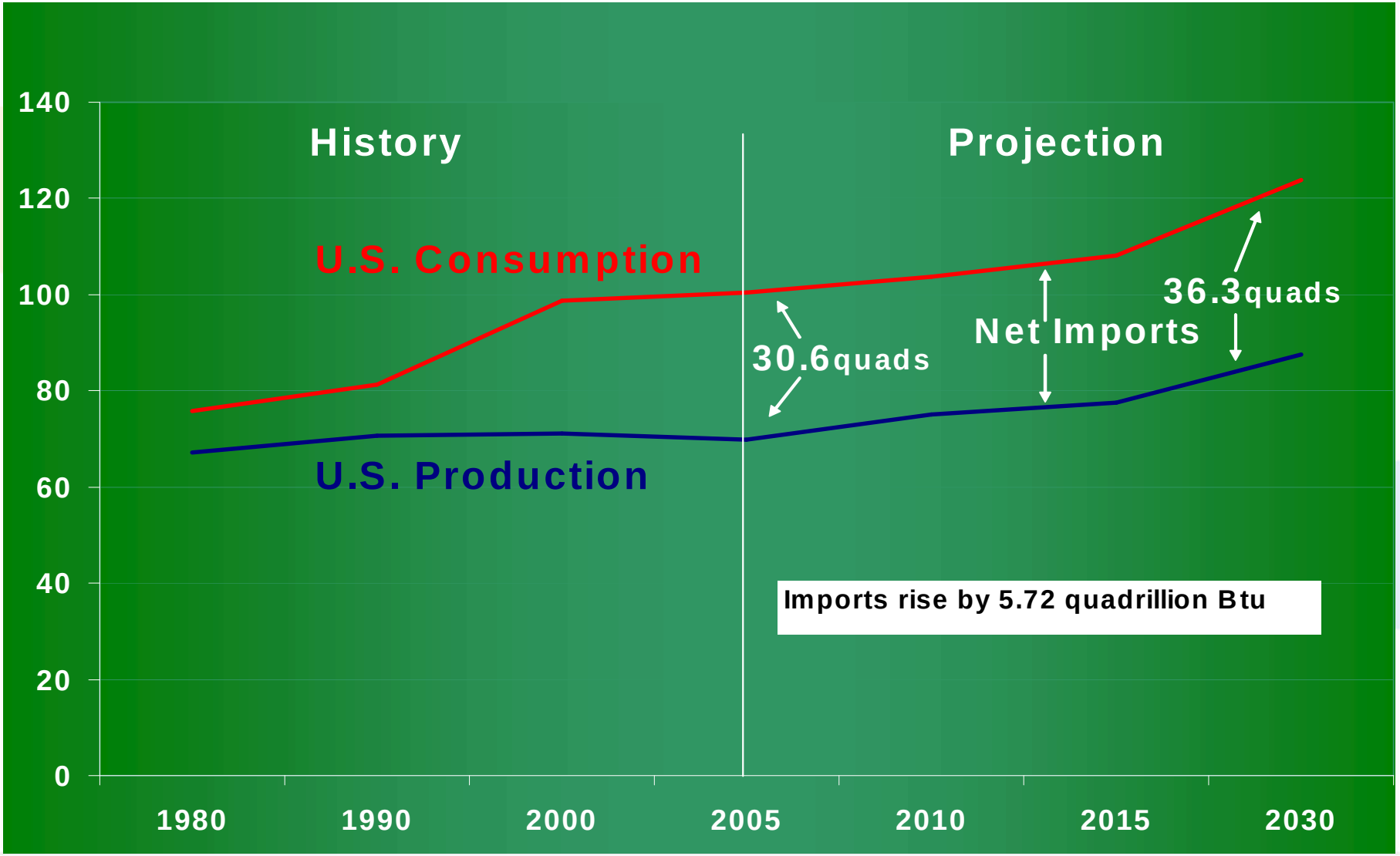
World and U.S. Energy Consumption, and U.S. Production
1980-2030 (quadrillion Btu)



Source: EIA/IEA Data

DELIVERING AMERICA'S ENERGY SECURITY

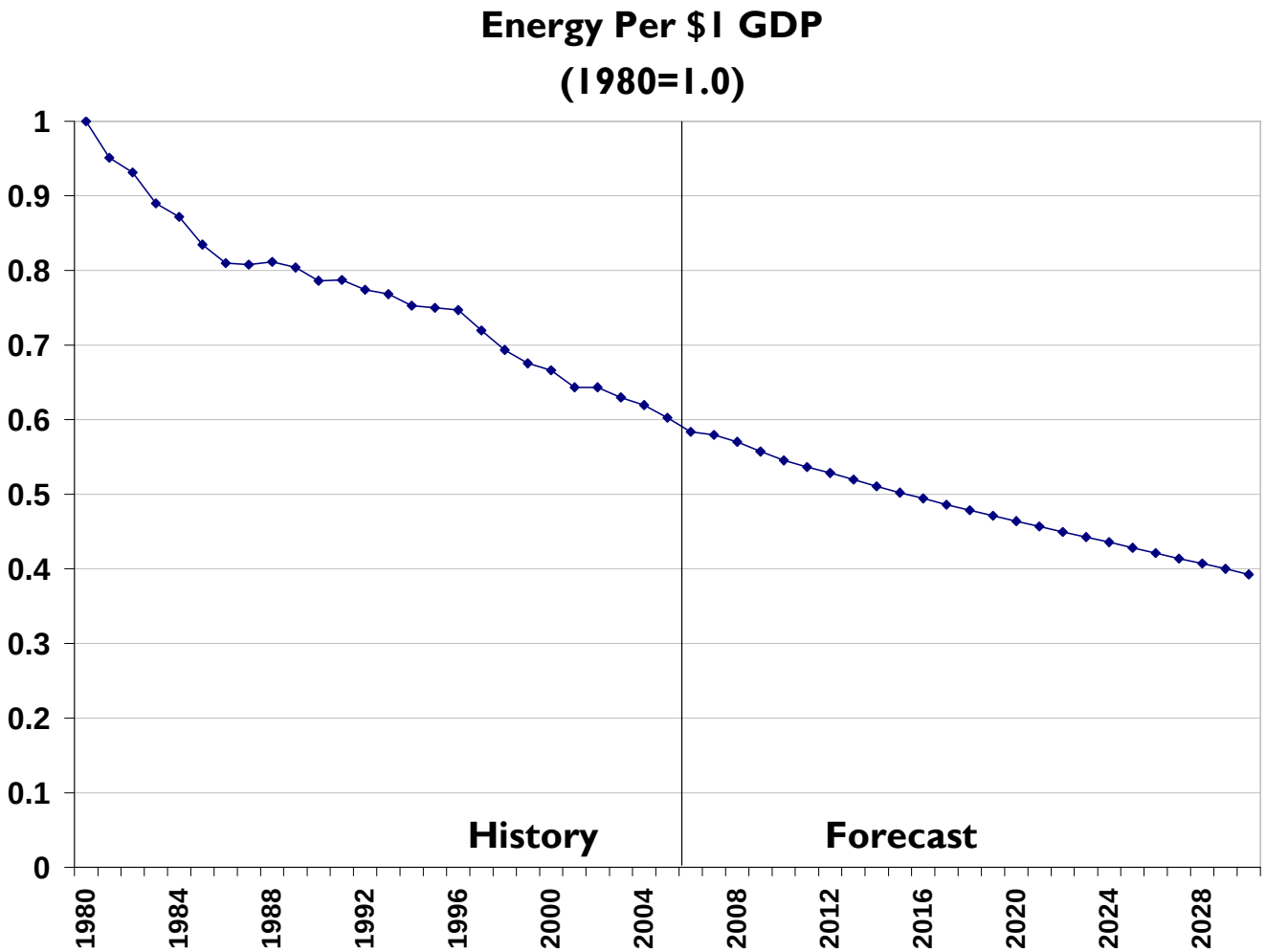
U.S. Energy Production, Consumption, and Net Imports
1980-2030 (quadrillion Btu)



Source: Annual Energy Outlook 2008

Future U.S. Energy Demand

- The U.S. will consume more energy even with efficiency improvements



Source: EIA AEO 2008

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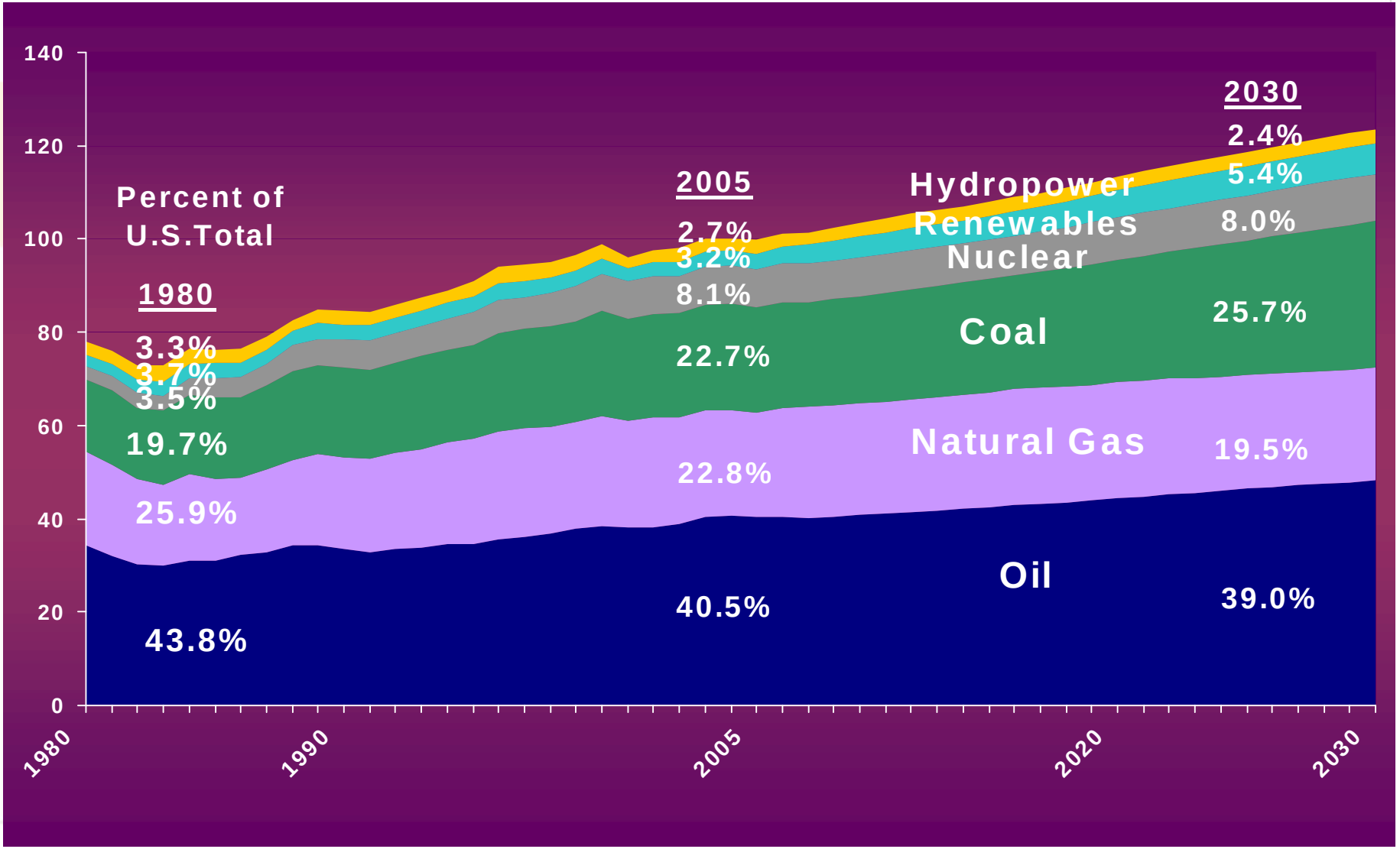
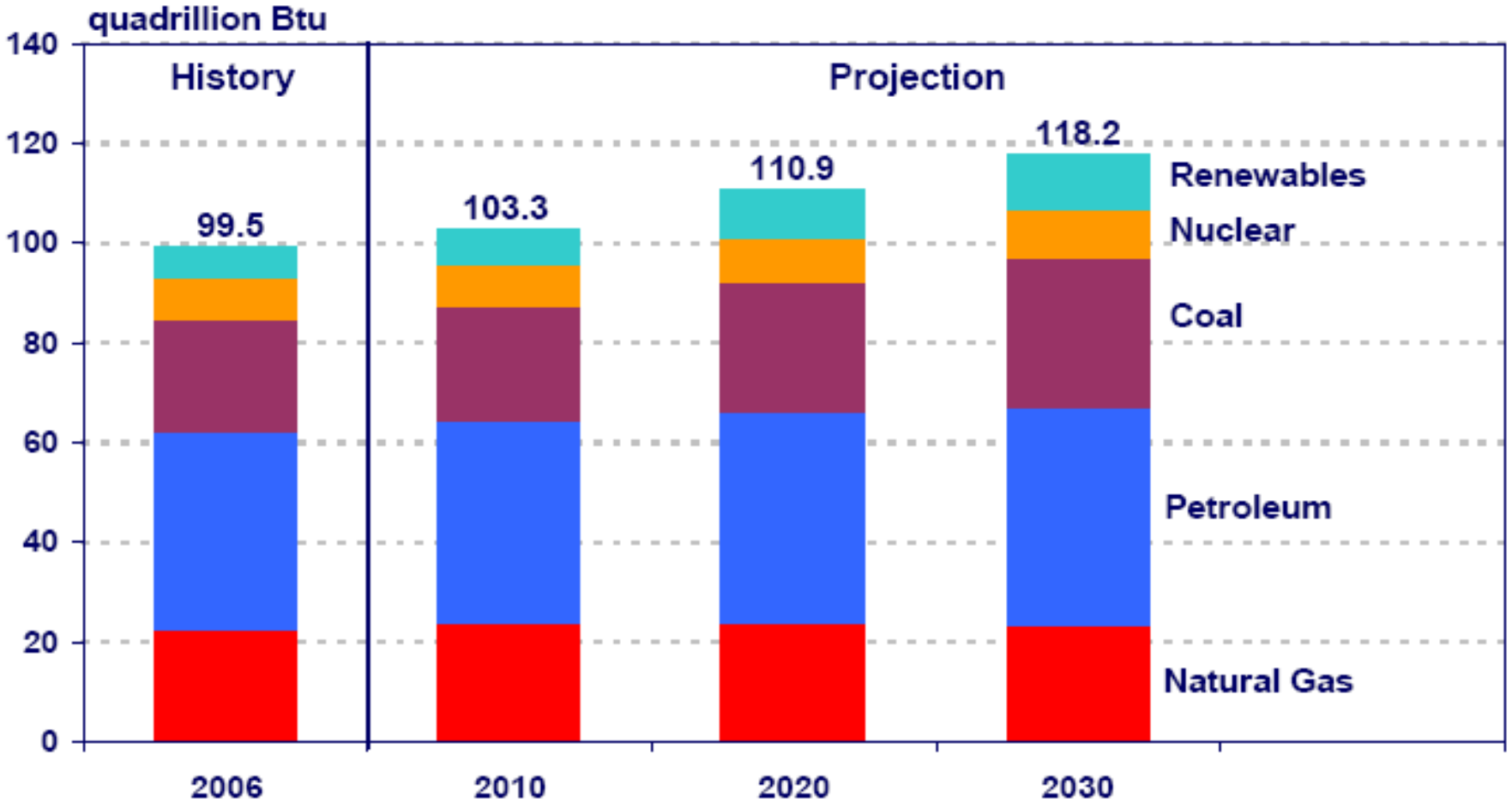
Future U.S. Energy Demand

- The U.S. will consume 19.4% more oil and 7.4% more natural gas in 2030 than in 2006



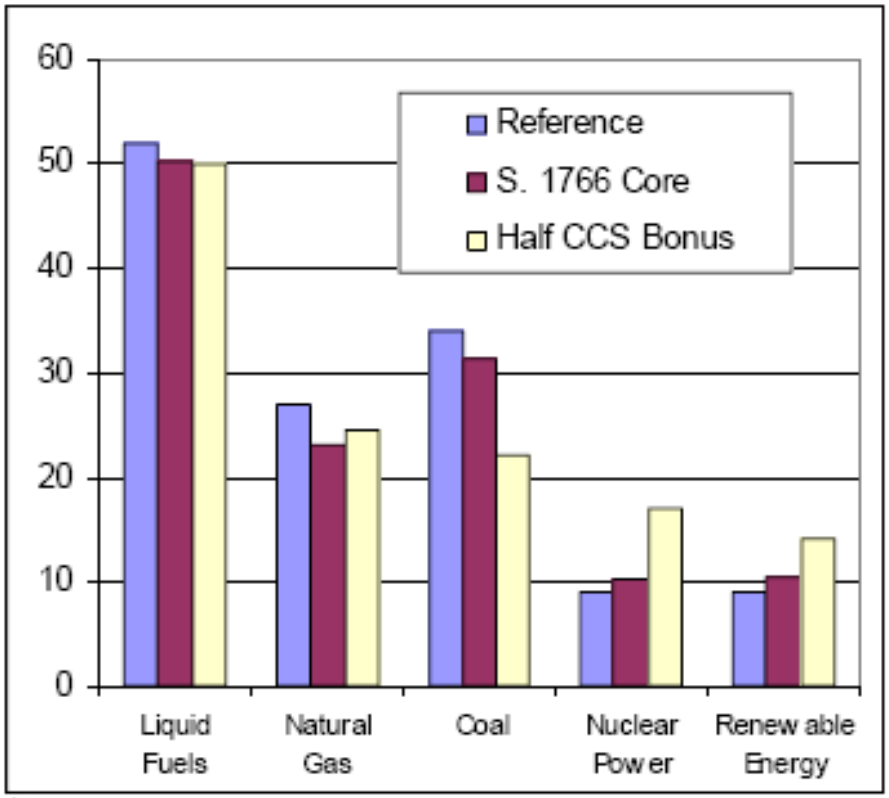
Source: EIA, AEO 2008; quadrillion Btu

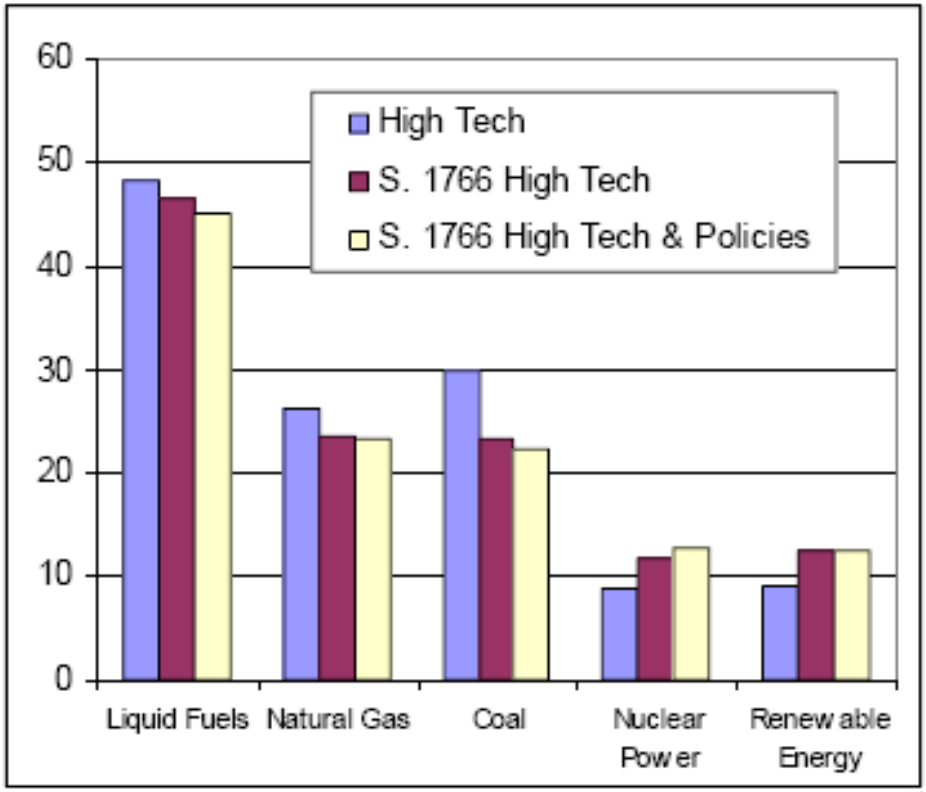
Future U.S. Energy Demand, Version II



Future U.S. Energy Demand, Version III: EIA Study of S.1766, "Low Carbon Economy Act"*

(quadrillion Btu in 2030)





* EIA study published January 2008

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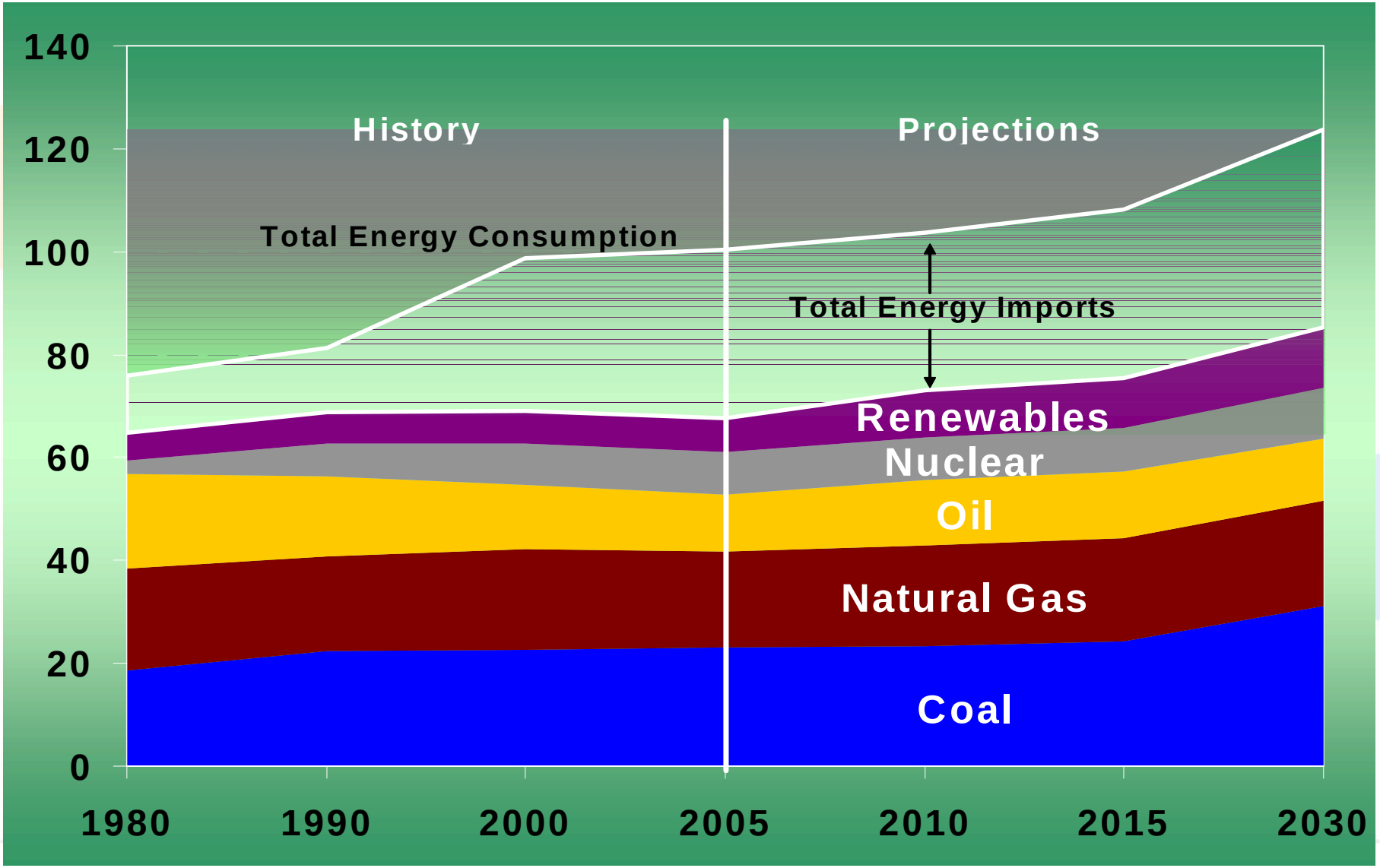
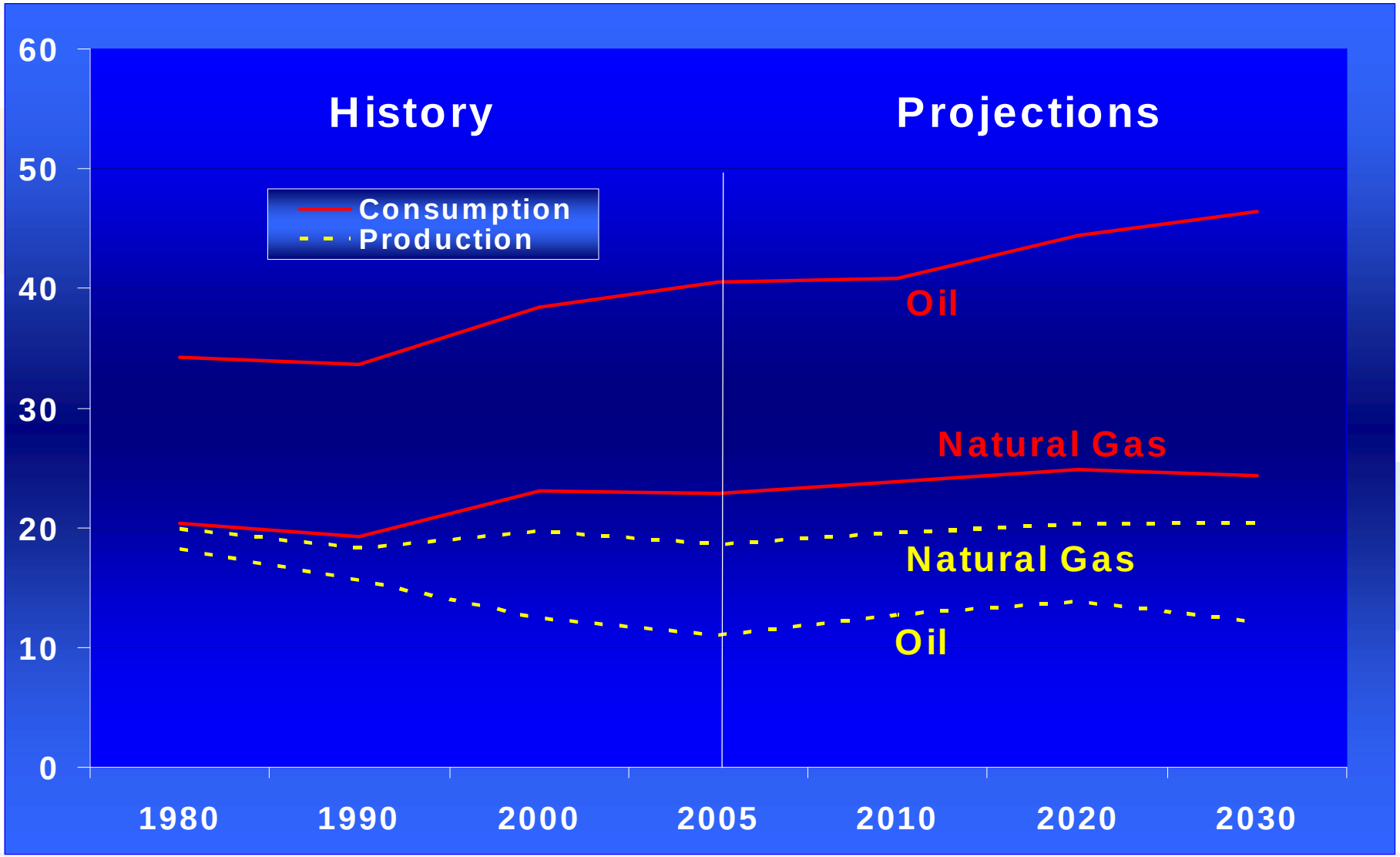
U.S. Primary Energy Production by Fuel
1980-2030 (quadrillion Btu)



Source: AEO 2008 & Basic Petroleum Data Book

DELIVERING AMERICA'S ENERGY SECURITY

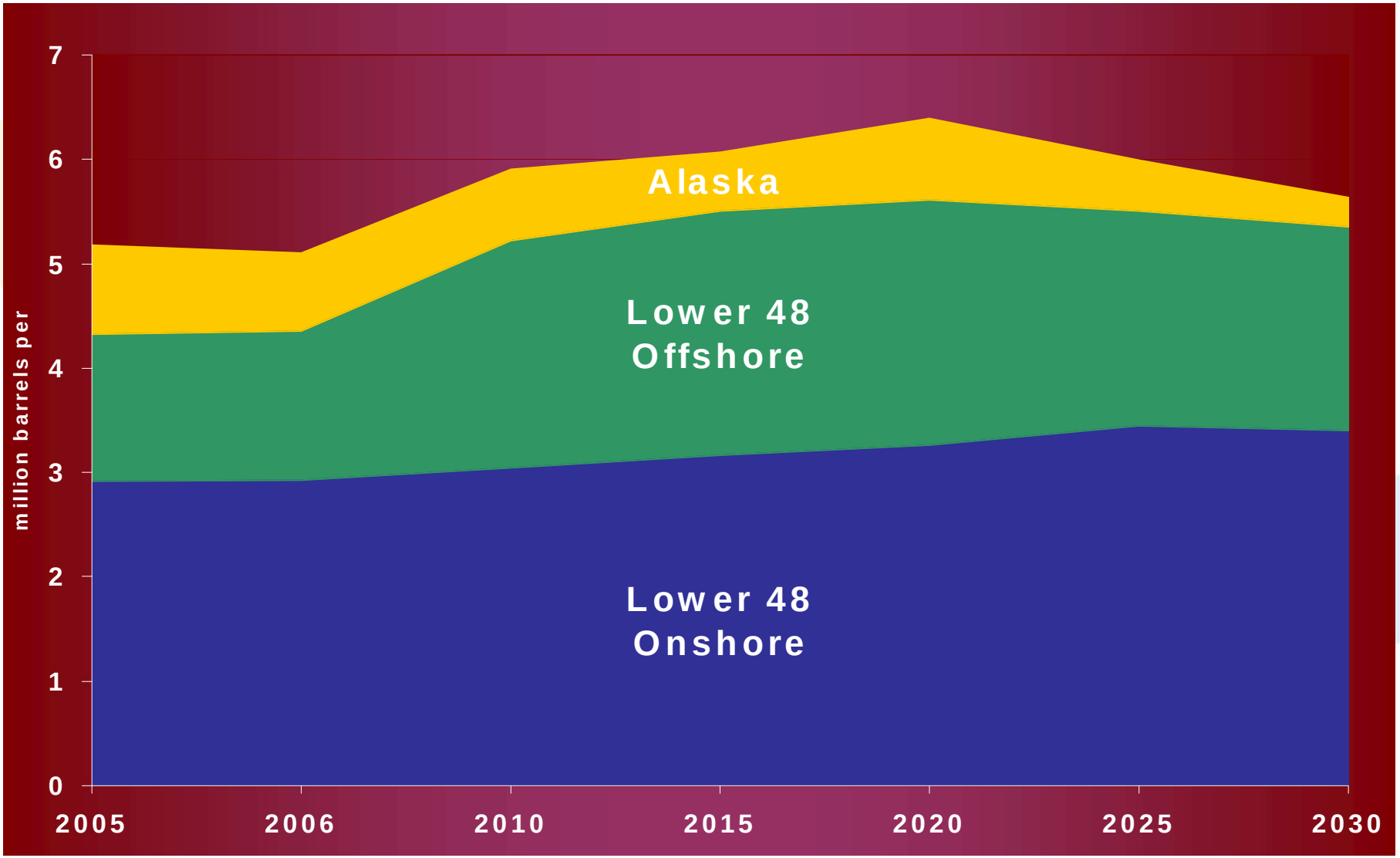
U.S. Oil and Natural Gas Production and Consumption 1980-2030 (quadrillion Btu)



Source: AEO 2008 & Basic Petroleum Data Book

DELIVERING AMERICA'S ENERGY SECURITY

U.S. Oil Production



Source: AEO 2008

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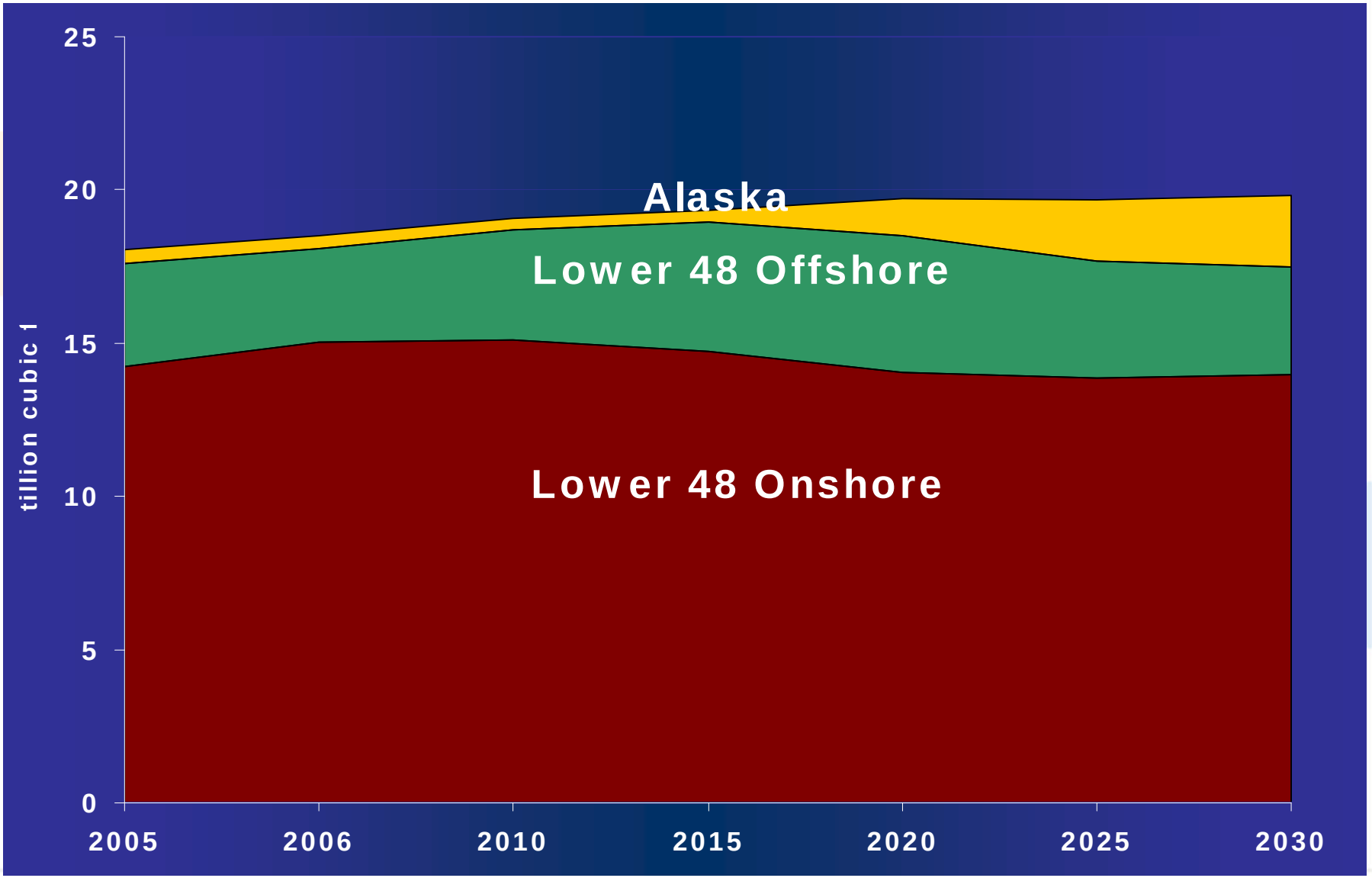
U.S. Natural Gas Production

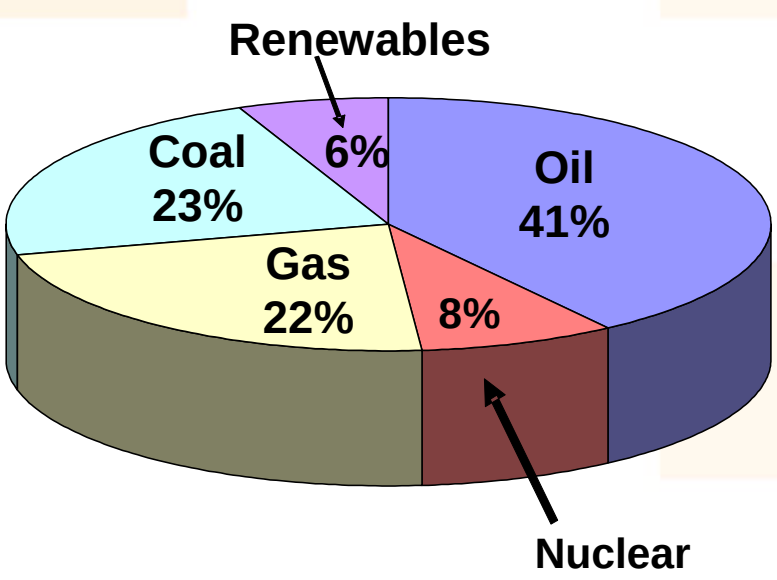


Source: AEO 2008

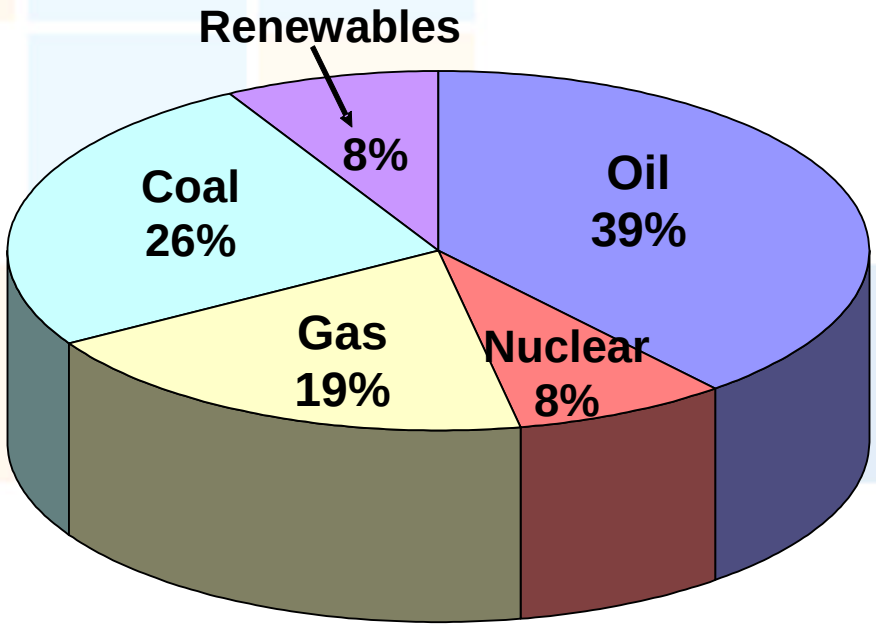
Forecast of U.S. Energy Growth

23.8% Growth (0.89%/yr.)

2006 Actual (100 Quads)



2030 Outlook (124 Quads)

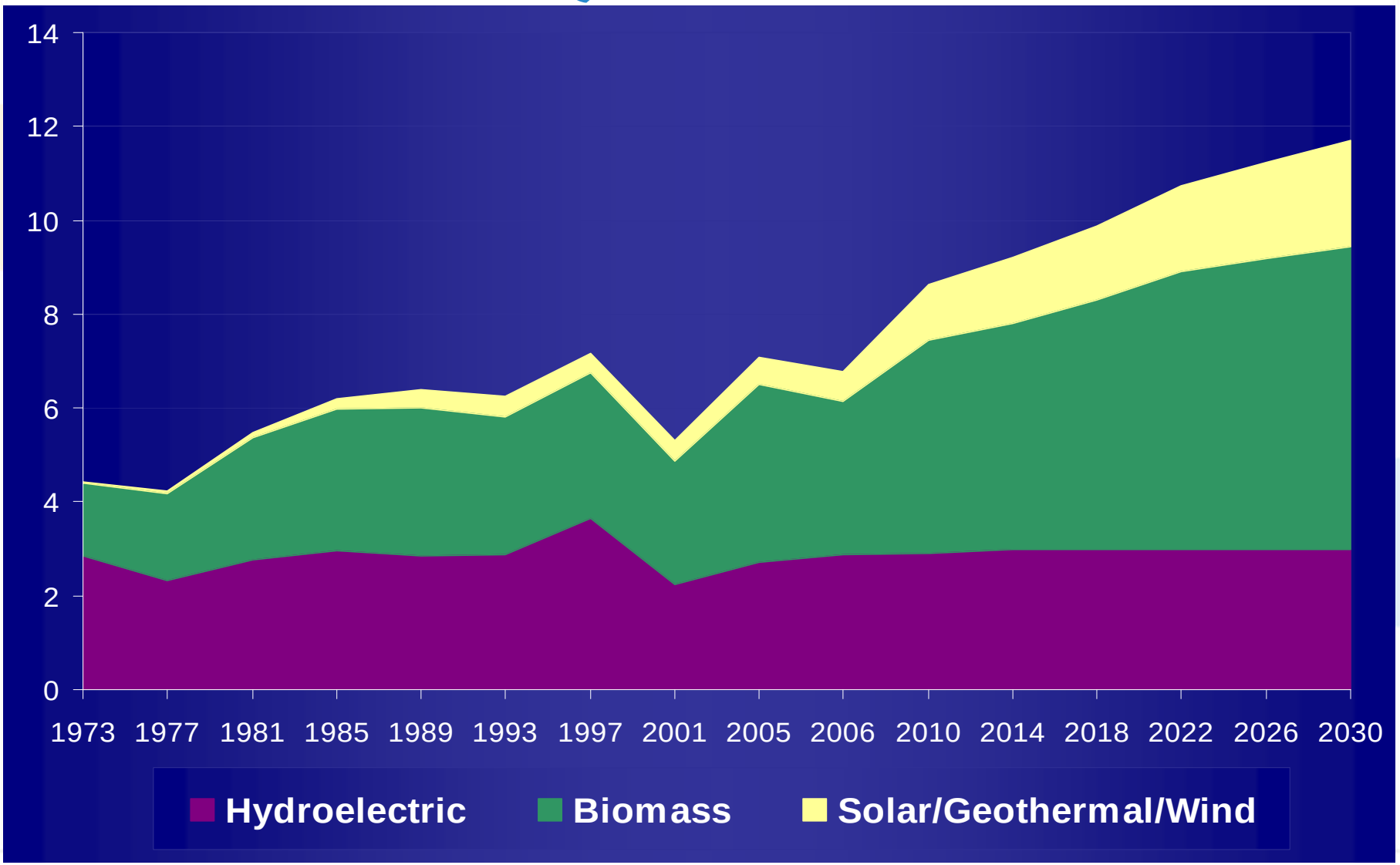


Source: EIA, AEO2008

DELIVERING AMERICA'S ENERGY SECURITY

Renewable Energy Production

Quadrillion Btu



Source: EIA Annual Energy Review 2006 & AEO 2008

The Public's Knowledge on Renewables

Q12 According to 2007 data, what percentage of U.S. energy use is currently supplied by renewable sources?

Source: EIA, "Annual Energy Outlook 2007," p. 14, Table 1.

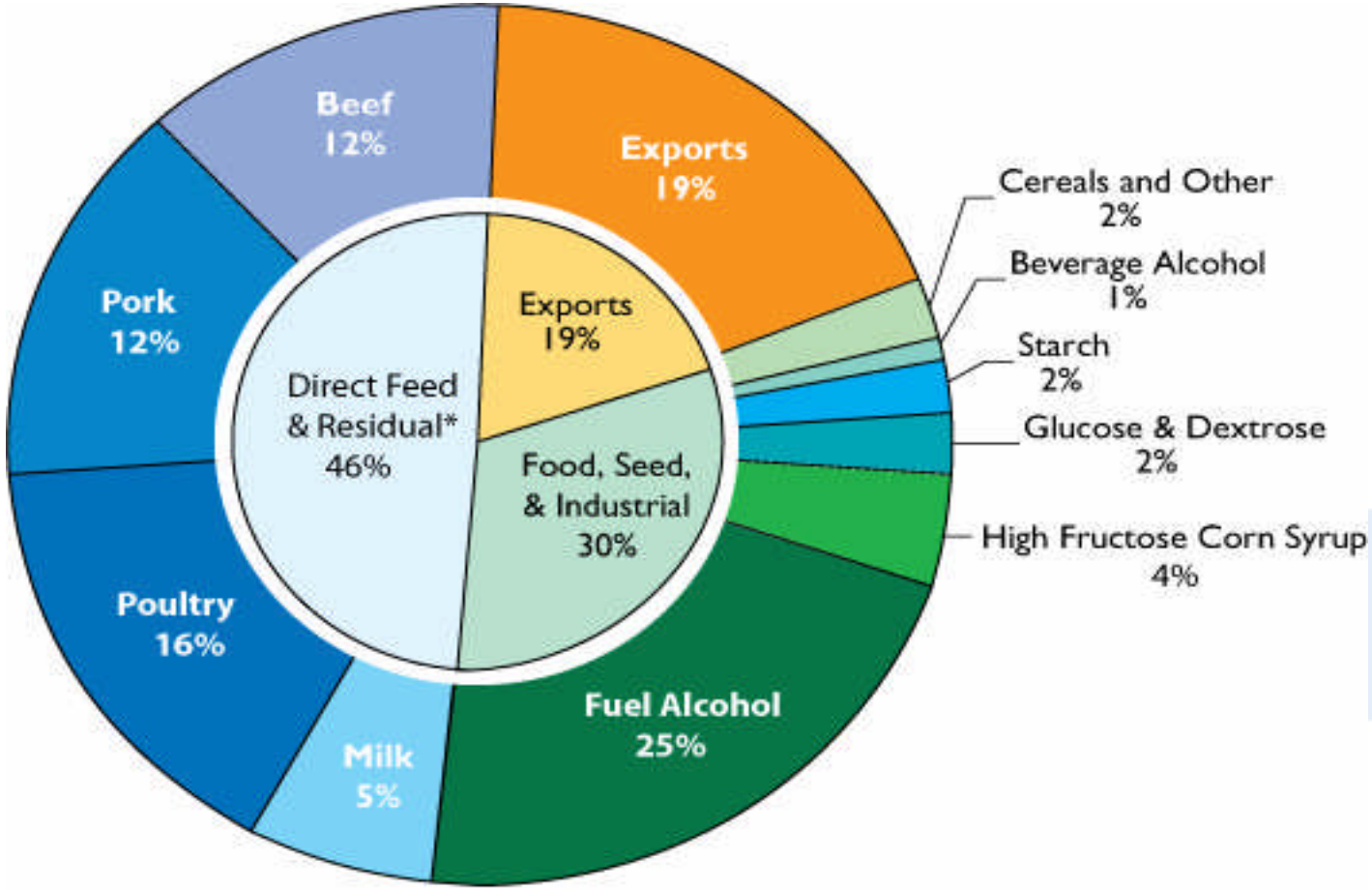
Total N=1333	Answer
34%	0% to less than 10%
28%	10% to less than 20%
8%	20% to less than 30%
2%	30% or more
28%	Not sure

Q13 According to 2007 projections, what percentage of U.S. energy will be supplied by renewable sources by 2030?

Source: EIA, "Annual Energy Outlook 2007," p. 14, Table 1.

Total N=1333	Answer
5%	0% to less than 10%
27%	10% to less than 20%
22%	20% to less than 30%
12%	30% or more
34%	Not sure

U.S. Corn Use 2007-2008
(13 billion Bushels)

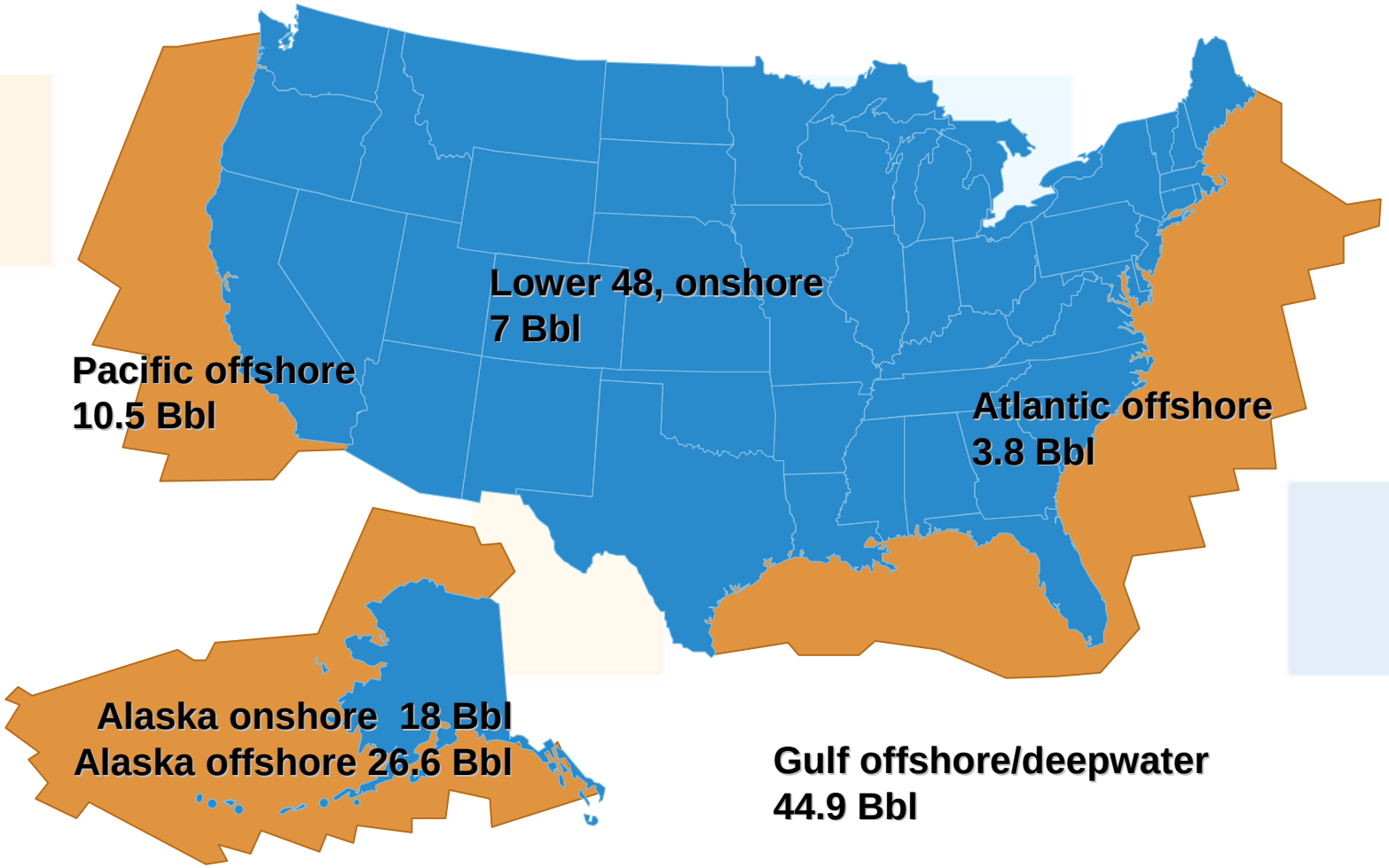


*Distillers Grain is in addition to this figure.

Source: Based on USDA/GCAU Data

U.S. Crude Oil Resources

(undiscovered technically recoverable federal resources)

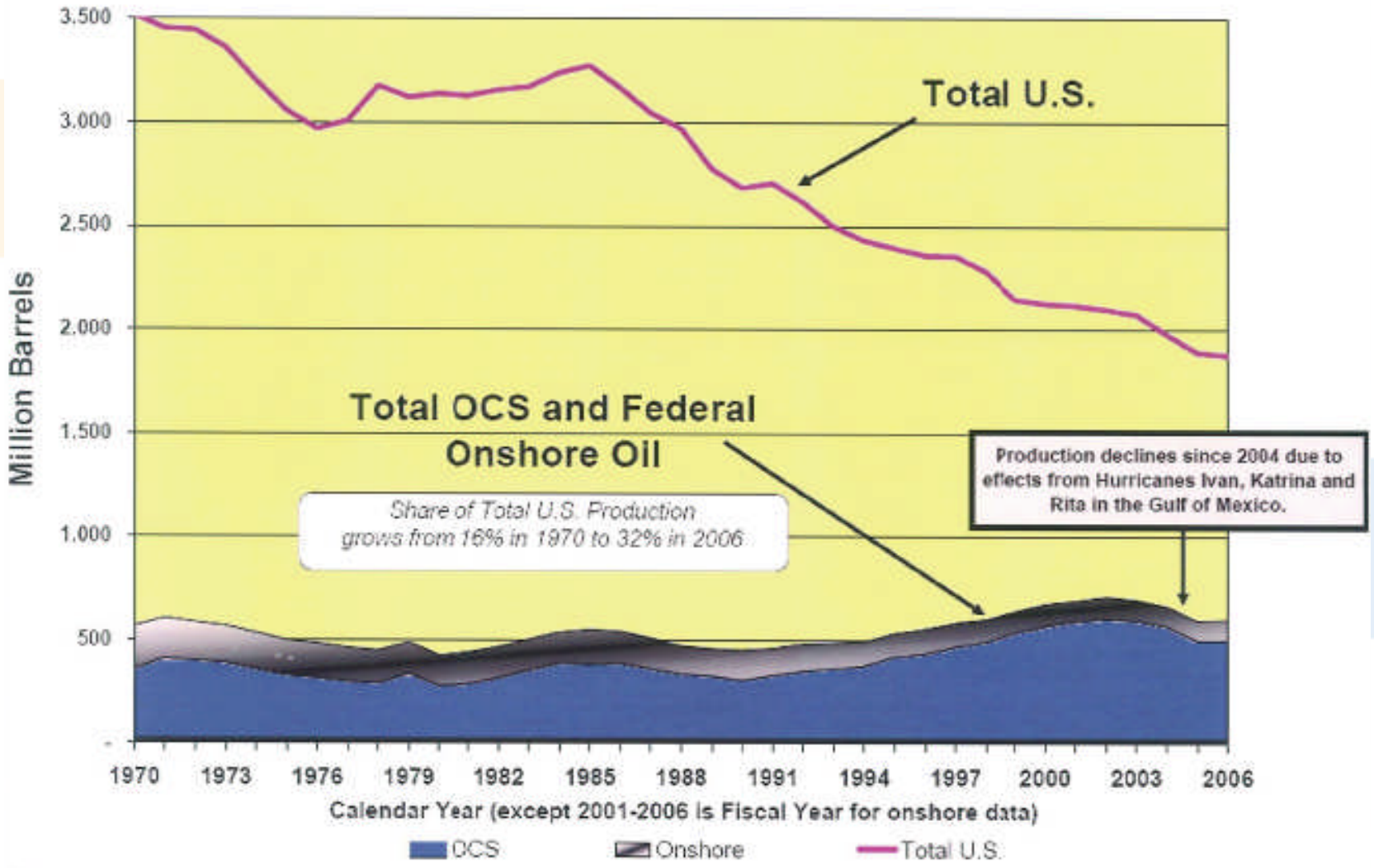


112 billion barrels is enough oil to power over 60 million cars for 60 years AND heat over 25 million homes for 60 years.

Source: MMS, USGS, and API calculations

Crude Oil Production

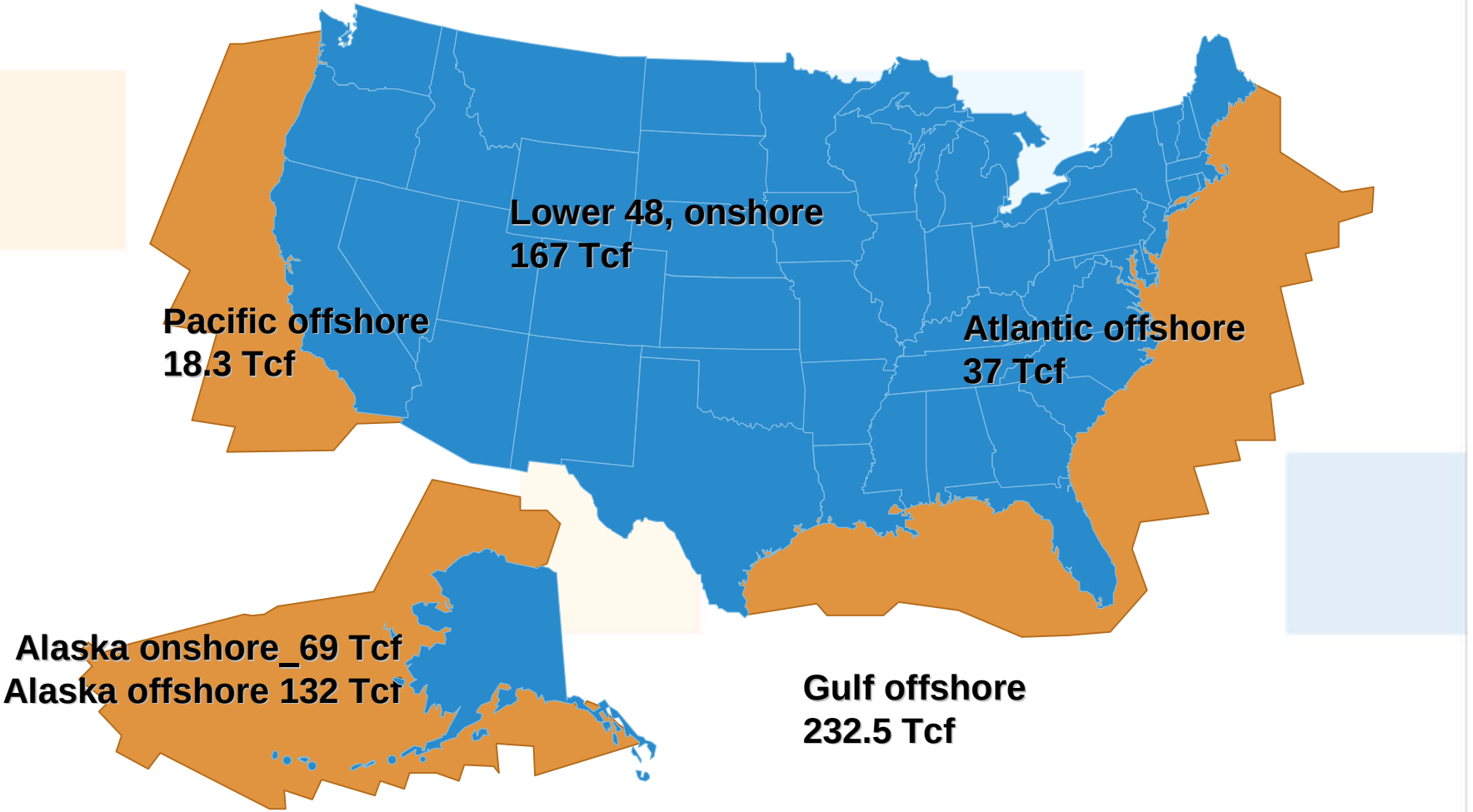
from DOI-Managed Federal Lands*



* Federal lands includes the OCS and onshore public lands and some split estate lands where mineral rights are Federal.

U.S. Natural Gas Resources

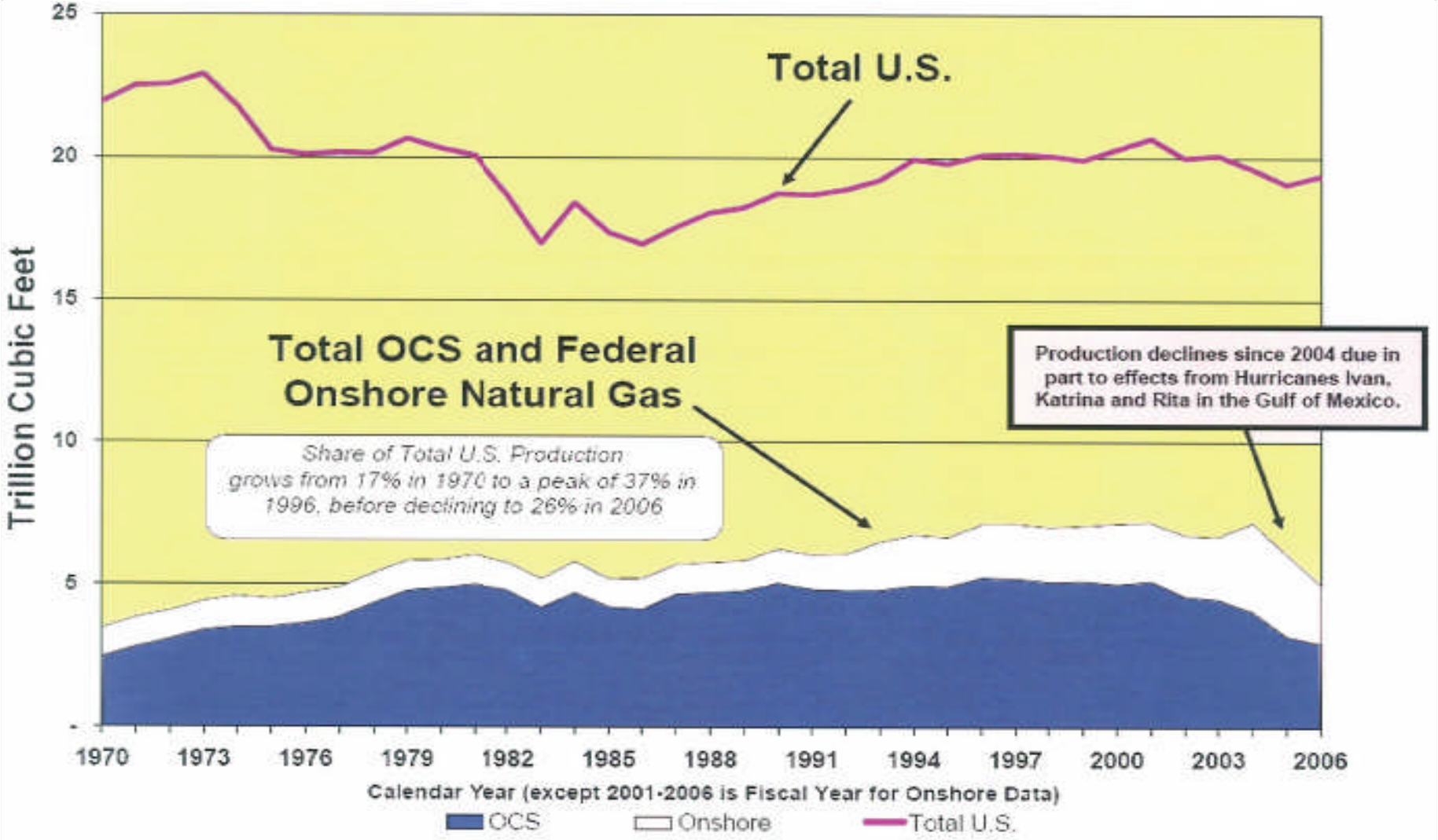
(undiscovered technically recoverable federal resources)



656 trillion cubic feet is enough natural gas to heat 60 million homes for 160 years.

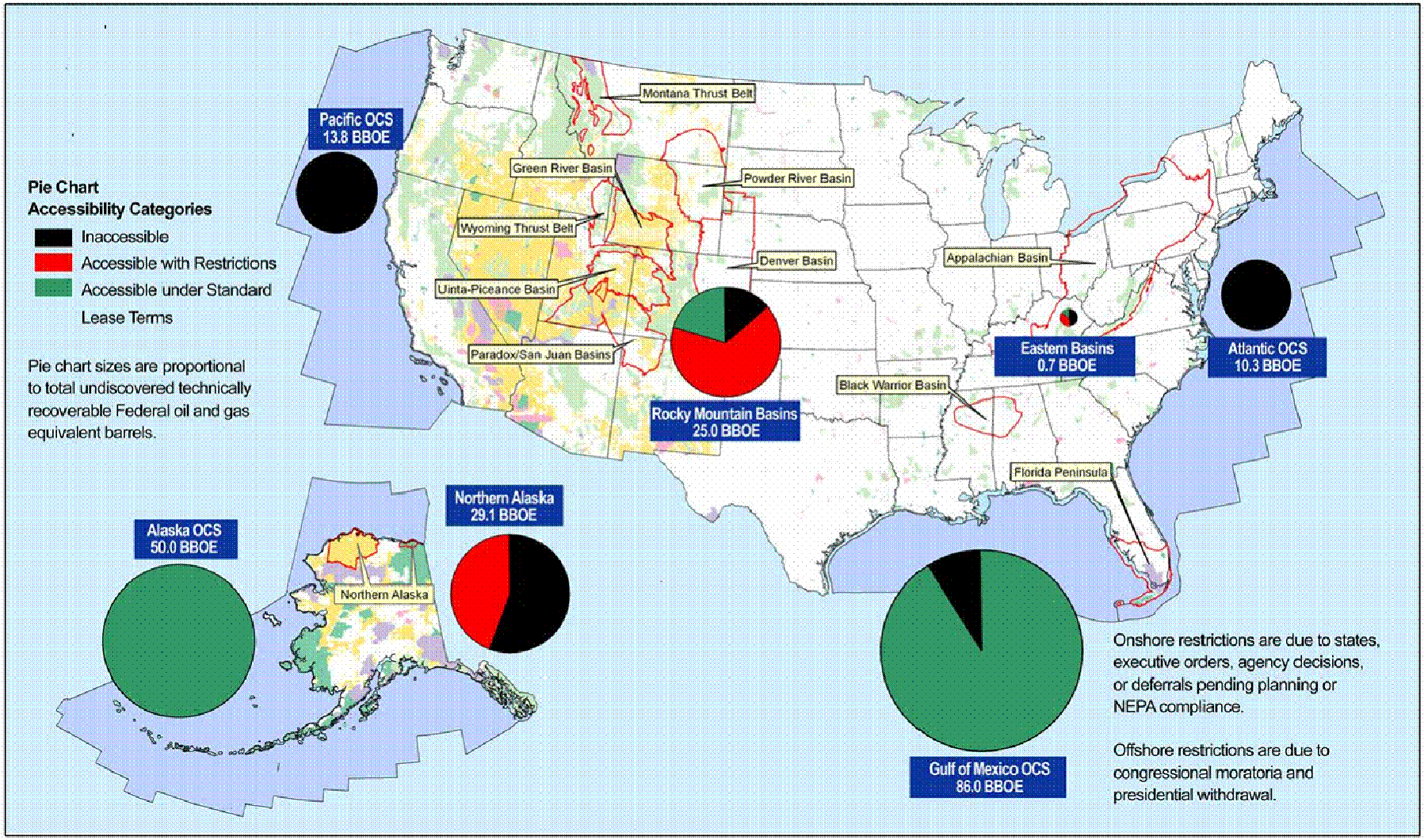
Source: MMS, USGS, and API calculations

Natural Gas Production
from DOI-Managed Federal Lands*



* Federal lands includes the OCS and onshore public lands and some split estate lands where mineral rights are Federal

Restrictions on Access to Oil and Gas Resources on Federal Lands



Q9 Current government policy restricts access to what percentage of potential offshore U.S. oil and natural gas development sites off the coasts of the lower 48 states?

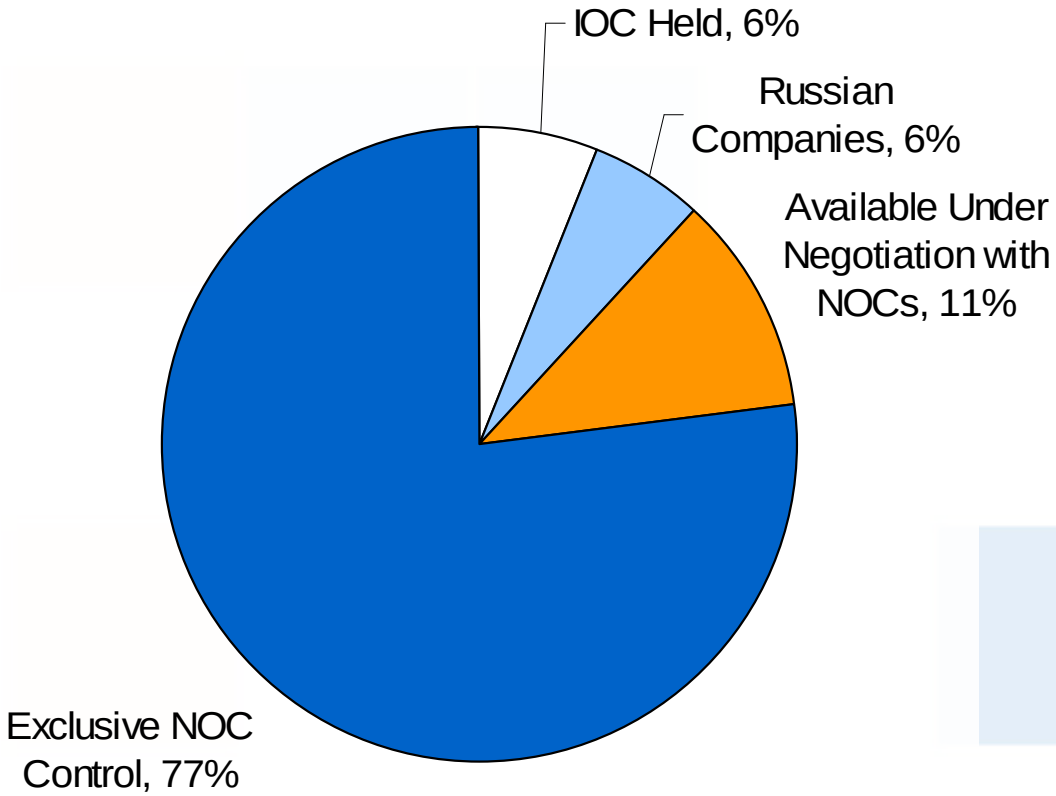
Source: MMS, "Report to Congress: Comprehensive Inventory of U.S. OCS Oil and Natural Gas Resources," February, 2006.

Total N=1333	Answer
17%	25%
16%	45%
16%	65%
11%	**85%**
41%	Not sure

Opening key offshore areas for exploration and development would help increase America's potential of utilizing its own resources.

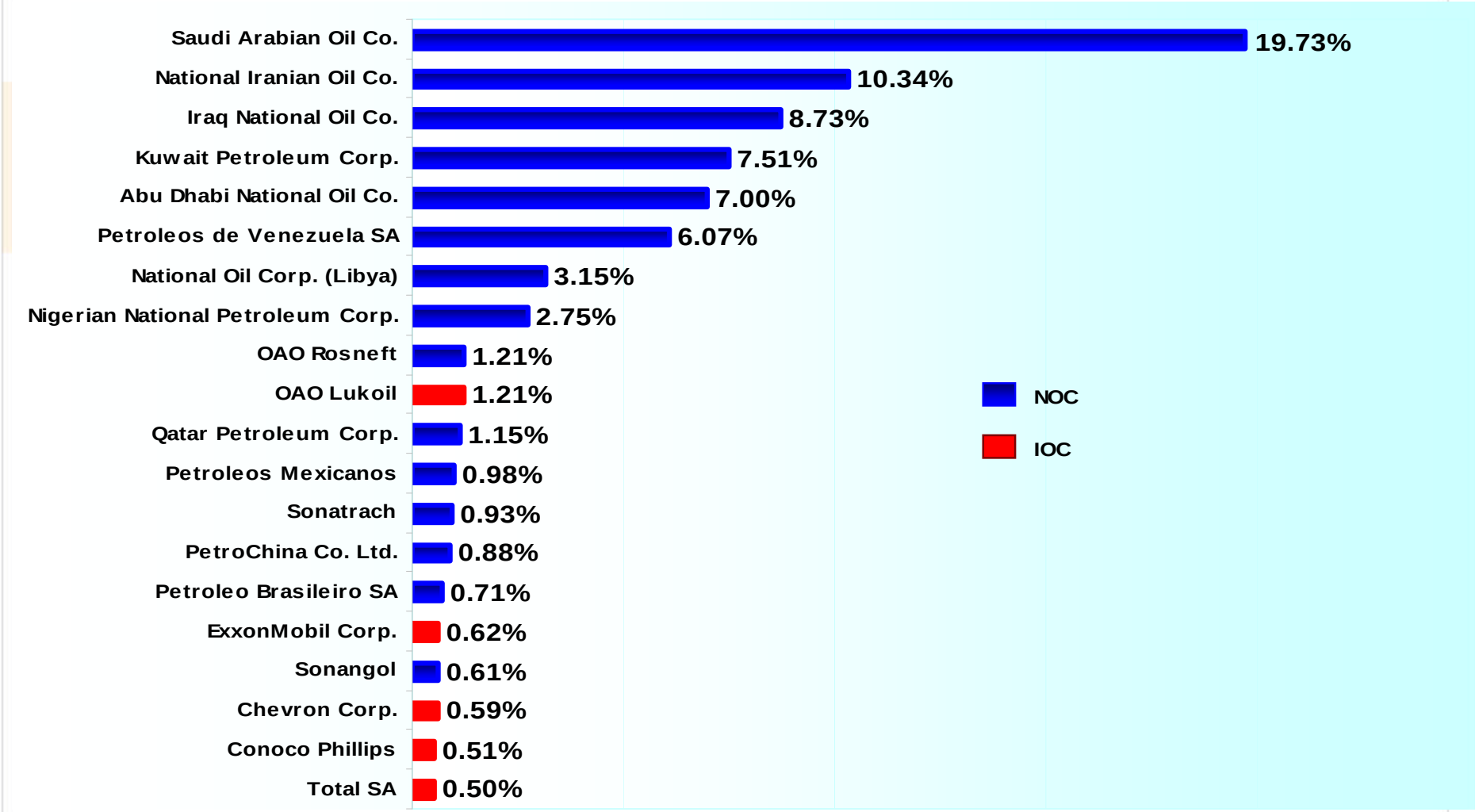
The Myth of "Big Oil"

- **The total amount of proven oil reserves held by *all* investor-owned oil companies (IOCs) is just 6 percent.**
- **Almost 80 percent is exclusively controlled by foreign national oil companies (NOCs).**



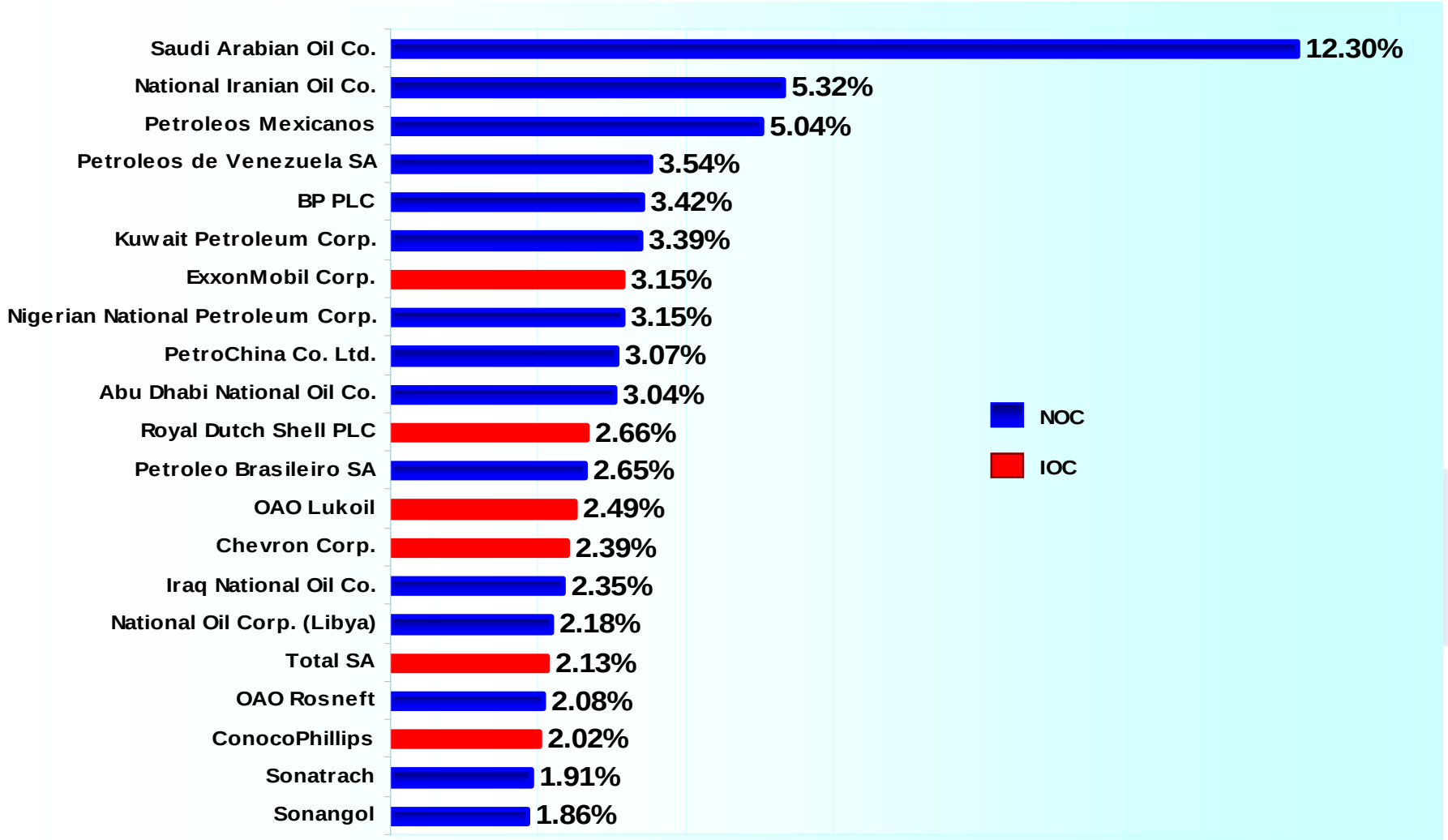
J. Robinson West
Chairman, PFC Energy: 9/21/05

2006 Largest Oil & Gas Companies
(percent of worldwide reserves)



Source :World reserves of 1. 3 trillion barrels as of January 1, 2007 according to *Oil and Gas Journal* December 24, 2007
Leading companies: *Oil and Gas Journal* September 17, 2007

2006 Largest Oil & Gas Companies (percent of worldwide production)



Source: Estimated world total of 72.4 million barrels a day in 2007 according to Oil and Gas Journal December 24, 2007.
Leading Companies: Oil and Gas Journal September 17, 2007

Energy Policy Perspectives

- Encourage energy efficiency
- Encourage investment in long-term energy initiatives and advanced technologies.
- Reduce barriers to increasing domestic supplies
- Rely on market forces to allocate products.
- Refrain from new taxes that make it more expensive to develop our domestic supplies.
- Support our need to participate actively in global energy markets rather than isolate the U.S.

For more information visit

- www.energytomorrow.org
- www.api.org